Beaufort Sea Oil and Gas Development
Northstar EIS Project

Public Scoping Meeting

Anchorage

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BEAUFORT SEA OIL AND GAS DEVELOPMENT/

NORTHSTAR ENVIRONMENTAL IMPACT STATEMENT PROJECT

PUBLIC SCOPING MEETING

Wednesday, April 3, 1996, 8:00 p.m.

Wilda Marston Theatre, Loussac Library

Anchorage, Alaska

Alaska Stenotype Reporters

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COOPERATING AGENCIES

North Slope Borough:
Tom Lohman

U.S. Environmental Protection Agency:
Ted Rockwell

U.S. Minerals Management Service:
Paul Lowry

U.S. Fish and Wildlife Service:
Lori Quakenbush (not present)

U.S. National Marine Fisheries Service:
Jeanne Hanson (not present)
Ron Morris

Reported by: Karen Ford
Alaska Stenotype Reporters

Wednesday, April 3, 1996, Anchorage, Alaska, 8:00 p.m.

TIM JENNINGS: We would like to get going tonight, if everyone would take their seats.

Thank you all for coming. My name is Tim Jennings. I am with the Corps of Engineers, the lead federal agency for the preparation of the Environmental Impact Statement for the Beaufort Sea oil and gas and BP's Northstar project.

I would like to introduce, to get started with the meeting, a couple of the other agency representatives that are on the EIS team. If you would just stand and let people know who you are. Paul Lowry of Minerals Management Service; Ted Rockwell of EPA. Jeanne Hanson is our representative from National Marine Fisheries Service, she is unable to attend tonight, and here to represent NMFS is Ron Morris. Also on the team is Tom Lohman from the North Slope Borough. Tom, in the back. This is a unique EIS in that this is the first EIS we've had the North Slope Borough as a cooperating agency, and we are pleased to have that representation on the EIS team. And finally the Fish and Wildlife Service is represented by Lori Quakenbush. She is in the Fairbanks field office and she is unable to attend tonight.

The format for our meeting is that -- although

there may have been some confusion and I apologize for that -- we had a half hour of informal discussion. We have some maps and some charts around, displays that are meant to generate --

JERRY McCUTCHEON: That microphone, I presume, is there for a reason. You might try getting close to it.

TIM JENNINGS: Are you having difficulty hearing?

JERRY McCUTCHEON: I can barely hear you.

TIM JENNINGS: How about in the back?

JERRY McCUTCHEON: Why don't you pull it up where it belongs. You generally sit in front of a microphone -- (inaudible)

TIM JENNINGS: Can you hear me in the back?

AUDIENCE MEMBER: That is much better.

TIM JENNINGS: So we are here to have a public scoping meeting and to obtain public input on the EIS process for the Beaufort Sea oil and gas and the Northstar project. What we really would like to have in public comment to us tonight are those issues that you believe are important for the agencies to carry forward with the EIS process that will help the decisionmakers at the end of the process make the very best decisions on this project.

The format of the meeting is first we'll give a brief overview of BP's Northstar project, and here to do

that is Gary Campbell from BP. Following that brief presentation, we will have Gary Hayward, to my left, who is the project manager from Dames & Moore, the third-party contractor for the EIS, briefly explain the NEPA process, the public involvement process, and the scoping meetings and where we are going from here. Then we'll ask for public comments. We have had -- it's a fairly informal meeting. We've had no sign-up sheet, but those who want to testify or to provide comments --

JERRY McCUTCHEON: I was told that the sheet that you had out there was a sign-up sheet, all you had to do was star your name.

TIM JENNINGS: Yes. Are you Mr. McCutcheon?

JERRY McCUTCHEON: I am.

TIM JENNINGS: Okay. We will ask you, sir, if you want to lead off, and you can do that.

Okay. We'll start then with Gary Campbell of BP with a brief overview of the project.

And I presume you would like this microphone.

GARY CAMPBELL: Yes.

First of all, I would like to thank everybody for coming out tonight. It's a lot better than it was last night in Valdez. Compared to last night, this is a full house.

First off, I would like to say that BP is very

interested in having a successful project at Northstar, and one of the key reasons is to help replace some of the declining Alaska production that is coming down TAPS.

Northstar represents the first offshore oil and gas development in the Beaufort Sea. Most of you are aware that Endicott is actually offshore, but it is connected by a causeway back to shore. So Northstar will indeed be the first oil and gas development offshore that is not connected to the mainland. It's located about six miles offshore out from the Kuparuk River Delta. It's on state and federal leases, so it also represents the first federal development in the Beaufort. And it's also within the North Slope Borough property tax jurisdiction area.

There are several key issues that are a part of the Northstar project. I would like to just talk of those briefly.

The first one being structures, how we're going to produce and drill off the Northstar project. There is a variety of options that we have ranging from CIDS, which is a concrete island drilling structure, which is actually movable and is parked outside the three-mile limit in federal waters just off the current Northstar area. Molikpaq is a similar type of structure. Seal Island is one we're looking at, and one of the test cases that we're looking at includes rebuilding and enlarging the current

Seal Island location. Seal Island and Northstar Island are two islands that were manmade, built by Amerada Hess and Shell, who were the original leaseholders, for exploratio and appraisal well drilling.

One of the other issues is the facility location and what it means to Northstar. We are looking at a range of options. The best way to characterize it is maybe to divide it into two categories, what is going to be onshore and what is going to be offshore.

We are looking closely at how to use existing infrastructure as well as what it's going to take in terms of new construction. We anticipate it will be a combination of both, a use of existing structures as well as new structures. What percentage, we are not there yet we don't know.

We are anticipating targeting 50,000 barrels a day peak production rate from Northstar.

The pipeline, the second -- or that's the third issue, has a lot of design implications surrounding it. Currently we are planning two pipelines, a 12-inch production pipeline coming from Northstar and an 8-inch gas line going to Northstar. The gas line is primarily to be used to transport gas to the island for fuel during drilling and also for emergency fuel in a situation, and possibly for enhanced oil recovery purposes later in the

field life.

Several routes exist, and the map behind me as well as some of the maps on display in the back kind of show some of the routes, but I will mention them. It kind of covers the gamut from west to east.

I'll start with the west. There is a pipeline route that we are looking at in terms of going over to the Milne Point facility. There we would go close to the barrier islands, follow the barrier islands along westward, and coming in at Back Point or Beechy Point to access the Milne facility.

Another alternative that we are looking at is a fairly direct route straight into shore at Point Storkers where we would potentially tie into existing facilities at PBU or Lisburne.

There is also a route similar to that that would dogleg and head over to the West Dock area where it would come in and follow some of the existing right-of-ways, again to access some of the existing facilities at Prudhoe Bay and Lisburne.

The last alternative we are looking at, which really covers the whole gamut of facilities, essentially is along the shore over to Endicott.

Some of the key construction technique issues that we are working with currently involve primarily the

pipeline facilities. It is fairly well established in terms of technology, but this will represent the first buried subsea pipeline in the Beaufort. To help us in som of our planning for the actual installation of that pipeline, we have conducted test trenching this last month on the ice. One site inside the barrier islands and one site outside the barrier islands. The results of that have been quite favorable in terms of being able to access it, remove the soil by backhoe. Quite successful. The soil results, sand and silt primarily, confirmed what our geo-tech boring along several of the routes had suggested would be there. The technique, by the way, will be cutting slots in the ice and excavating with a backhoe from the ice surface. And, again, there is an illustration at the back that kind of depicts how that operation will take place.

Now, status of engineering, we have effectively completed what we call conceptual engineering, which is the phase where we have come up with essentially all of the alternatives, as well as more that I haven't discussed tonight, as a way of screening what is the most feasible, environmentally-sound way to access Northstar.

We are in the process of starting off preliminary engineering, which is kind of the next step, which will be a step of trying to converge some of the alternatives down into a preferred one or two alternatives

that we can use for applying for permits.

A couple of design issues we have already incorporated based on some of our discussions with Native villages. In fact, last May some people from BP, Cindy Bailey and myself in particular, went to visit the village of Nuiqsut, primarily to get their concerns so we could include that in our design criteria.

A couple of those, and one in particular, the no gravel bags for slope protection around the island, was a major concern with them. As a result, we have not included that in our design criteria. We will be going with concrete matting for slope protection rather than the gravel bags.

In terms of permitting, the last thing I want to touch briefly because it is really part of the EIS process or comes to parallel the EIS process, but BP has not yet applied for any major permits for this project. We believe in the EIS process. We feel that it is an integral part of how we get the project permitted. There are times that we have been maybe a few steps ahead or a few steps behind the EIS process, but our intent is to parallel the EIS process with our design engineering process to maximize the issues and design criteria as we go.

BP, as Ted Rockwell has commented a couple of times in meetings, is acting as a cooperating applicant.

You will hear about the lead agency and cooperating agencies here in a few minutes. But BP believes in the EIS process. We are here to support that, which is a little bit of a change from years gone by in some previous developments. So we do support the EIS process.

That about covers it for me. I will pass it along to -- is Gary next?

GARY HAYWARD: As Tim mentioned, my name is Gary Hayward and I am from Dames & Moore's Anchorage office here and the project manager for the EIS process.

In addition to the agencies represented here tonight and BP, we have also assembled a team of experts to assist Dames & Moore with this EIS project, and many of them are here tonight. Steve Braund of Steve Braund & Associates. Steve is here in the back. Chris Clark from Cornell University, an expert in marine acoustics and marine mammals. Sam Stoker and Richard Stern also is with Stephen Braund, (inaudible) oceanographic studies. I think I am missing a couple, but they are here.

Many of you have already seen newsletters or have seen postings in the paper or posters around town about tonight's meeting. We are in the very early stages of the EIS development process. It's a process called scoping and it is to gather your input and hear your concerns of the project, as well as to provide you an

opportunity to learn a little bit about the project at this point.

We've had meetings so far in the scoping process in Barrow and Kaktovik last week, as well as Fairbanks. We were in Valdez last night, here tonight. And we missed Nuiqsut because of some weather problems on the Slope. We'll be going back up there sometime in the next few weeks.

It's important to remember that this is the first offshore oil and gas development in the Beaufort, and as such there are several issues that are going to be related to this project that have not been a part of past exploration activities up there. They include, among others, year-round activities, a means to transport oil to shore over a long period of time, as well as access and transportation problems associated with helicopters and vessel support throughout the year.

And although BP is proposing a few alternatives as their preferred alternatives, the EIS process requires a wide range of alternatives from besides a gravel island, other type of structures and other types of transportation to shore for the oil other than pipelines, and the EIS will be addressing those issues.

We are going to try to structure this document in a little bit different format than some of the more

traditional EIS formats you may have seen. The intent is to incorporate as much Native knowledge and traditional knowledge and experience that we can glean from the North Slope as well as to make it a much more user-friendly document in an attempt to help people who have issues or concerns see where their comments can be addressed in the document, as well as find out where the issues of a particular concern can be located in the document, to help see where the project impacts are, the indications are and the cumulative effects are, for instance, in what portion of the document.

There will be a series of follow-up meetings and newsletters as this project progresses. The schedule for the EIS development is sort of in a state of development right now. The intent is to have a draft out sometime toward the end of the year. There will be opportunities later on, public hearings, as the draft is issued for review, as well as other newsletters and other means to convey what the project status is throughout the course of the EIS development.

There are comment cards out on the counter. You are more than welcome to take these and submit your written comments. We have a court reporter here tonight who is transcribing all the testimony being provided. And that also becomes a part of the public record and will be

incorporated into the scoping reports and into the draft and final EIS.

With that, I will turn it back over to Tim.

TIM JENNINGS: Thank you, Gary Campbell and also Gary Hayward.

One person from the Corps of Engineers that I didn't introduce who is the project manager for the project is Terry Carpenter. Terry, if you could let people know who you are. She is the primary point of contact for the Corps. We have an 800 toll-free number within the state of Alaska, and if you call with concerns or issues, Terry will be the primary person to talk to.

Okay, we are ready to begin the commenting or the testimony part of the meeting. We ask that you come forward and use the mike. State your name and who you represent, if you are representing any particular organization. As was mentioned, we have a court reporter so we can capture the comments and concerns folks may have, so please speak clearly and slowly enough so that Karen can keep up with us.

We are asking that if you can to keep your comments around the five-minute mark or less in consideration of others who may want to testify or provide comments.

With that, we will start with Mr. McCutcheon.

MR. McCUTCHEON: For the record, my name is Jerry McCutcheon. Is there anybody who can't hear me? I speak loud enough without the microphone.

I'd like to note that you started 30 minutes late, so I don't think there is any good reason to tell people the length of time they can speak. Why publish 7:30 in the paper if you're not going to start on time.

You mentioned the decline of the North Slope production, which means Prudhoe Bay. How much is left in Prudhoe Bay to produce?

GARY CAMPBELL: I don't have an answer to that nor --

MR. McCUTCHEON: Hasn't your company said 13 billion?

GARY CAMPBELL: I'm not sure what the company has said.

JERRY McCUTCHEON: (Inaudible) at nine now?

GARY CAMPBELL: This meeting, I understand, is about Northstar, not about Prudhoe Bay.

JERRY McCUTCHEON: Well, you're the one that raised the question about using Northstar to offset the decline in Prudhoe Bay.

GARY CAMPBELL: Right.

JERRY McCUTCHEON: Well, let me tell you what the facts are. Your company lied to us, along with the

other ones, and told us 9.6 billion barrels of recoverable oil in Prudhoe Bay in 1977. In 1977, before Scoop Jackson's committee, you told him 15 billion barrels. Your company in particular -- that was Exxon. Your company in particular filed with its banker also 15 billion barrels. So you lied by about five billion barrels of oil then.

Since that time you have expanded the field and delineated it better. Now the production produceability at Prudhoe Bay is 17 billion barrels. So we are about halfway through.

Now also, just to get the record straight about honesty and integrity, I believe your company is the majority holder in Prudhoe Bay and North Slope and the majority holder in the pipeline, Alyeska Pipeline, correct?

GARY CAMPBELL: Not necessarily. The --

MR. McCUTCHEON: All right. You're not a majority holder. You own 50-some percent. You owned 53 percent for a while and I think it got down to 51 percent.

Your company through Alyeska Pipeline put $1.6 billion cost overruns, deliberate cost overruns in the pipeline. You turned around and managed to get, your company managed to get paid for it. You got caught red-handed in it. It's in the public documents. The state sued for the tariff, the pipeline tariff suit. And then there's about 15 billion barrels. In case you want to make

note, that's in Public Document 95-70, Page 570 -- 95-73, Page 570.

So there is a lot more oil to go up there, and my question is you also got caught when the state was doing a computer model of gutting Prudhoe Bay. And a man who represented the State of Alaska in their contract had to blow the whistle and get a waterfall going on Prudhoe Bay or otherwise we wouldn't have got much more than 5 billion barrels of oil. You were going to gut it and wreck it, just like you did the Lisburne formation.

These are all background things that I think you need to know.

Now, I don't suppose you know on your Northstar project, what is the degree of gravity of oil?

GARY CAMPBELL: What is the gravity of oil at Northstar?

JERRY McCUTCHEON: Northstar.

GARY CAMPBELL: About 41 to 42 degree API.

MR. McCUTCHEON: (Inaudible) Line?

GARY CAMPBELL: Yes, sir.

JERRY McCUTCHEON: All right. What is the GOR?

GARY CAMPBELL: That varies. It's going to be a high GOR. It's effectively a retrograde conflict reservoir, so it's going to be hard to predict the GOR. It's going to depend on production pressures.

JERRY McCUTCHEON: What is the GOR that you found?

GARY CAMPBELL: I think 4200.

JERRY McCUTCHEON: Okay. 4200 cubic feet of gas for every barrel of oil, is that correct?

GARY CAMPBELL: I believe. There are engineers in the audience that may be able to give a more accurate number.

JERRY McCUTCHEON: What is the expected water production?

GARY CAMPBELL: Again that varies. There is an expectation of a very low water drive.

JERRY McCUTCHEON: Is it an inactive water tab? like at Prudhoe Bay?

GARY CAMPBELL: Not necessarily inactive, but low -- we don't know. We are doing reservoir depletion planning and studies right now.

JERRY McCUTCHEON: Is there a gas cap? I would presume there was.

GARY CAMPBELL: Yeah, there is a small gas cap. We anticipate a small gas cap. We did not encounter it in any of the wells drilled, but we anticipate by the way the reservoir, as modeled, that there is a small cap.

JERRY McCUTCHEON: What is the OOIP?

GARY CAMPBELL: Original oil in place?

JERRY McCUTCHEON: Correct.

GARY CAMPBELL: I'm probably not at liberty to give that number out. What I can tell you is --

JERRY McCUTCHEON: You don't want to tell us what the OOIP is. Okay.

TIM JENNINGS: Sir --

JERRY McCUTCHEON: I think that is awfully important. It depends on the facilities you are going to build -- and this is what this is all about, right? How can you tell us (inaudible) about the facilities if you don't have this information?

GARY CAMPBELL: Well, if you could let me continue. What I was going to be able to say was that there is 130 million recoverable reserves, which is --

JERRY McCUTCHEON: That is not the question I asked.

GARY CAMPBELL: I understand.

JERRY McCUTCHEON: Remember you said 9.6 billion, and it was really 17? Well, what's the OOIP? That's what I want to know.

There are 12 structures that was done in a group shoot a long time ago whioh are larger than Prudhoe Bay offshore. We might be being peddled something that is really not true. I mean you did it to us once. Anybody who wants to spend a billion dollars to make 1.6 billion j

cost overruns (inaudible) will not be above telling what else they need to tell. This is the world's biggest poker game. You should pay some attention to your playing prospects.

What plans are there to reinject the gas?

GARY CAMPBELL: We have plans to reinject the gas, yes.

JERRY McCUTCHEON: The facilities will be on the island, is that correct?

GARY CAMPBELL: We have not made that final determination. Our test case would put facilities on the island for compression of the gas for reinjection.

JERRY McCUTCHEON: After you start producing, how much gas will you be flaring?

GARY CAMPBELL: Pilot purge is what we would be allowed to flare. We don't intend to have mechanical flaring, if that's your question.

JERRY McCUTCHEON: You're going to flare what you can flare, is that what you said?

GARY CAMPBELL: For safety of the equipment and for the men and the personnel out there --

JERRY McCUTCHEON: And how much is that going to be?

GARY CAMPBELL: I can't say exactly what that number is. We haven't designed the facilities yet.

JERRY McCUTCHEON: You haven't decided?

GARY CAMPBELL: We haven't designed --

JERRY McCUTCHEON: Doesn't the pilot light on one of those things take so many cubic feet per day?

GARY CAMPBELL: Yes. But if I knew the size of the flare, I could maybe --

JERRY McCUTCHEQN: What size of flares are you using now onshore in Prudhoe Bay?

GARY CAMPBELL: I think that's irrelevant to the Northstar project, sir.

JERRY McCUTCHEON: That's what?

GARY CAMPBELL: Irrelevant to the Northstar project?

JERRY McCUTCHEON: Why is it irrelevant? I mea. we're talking about how much gas you are going to flare at that location.

GARY CAMPBELL: Well, the answer is I don't have an answer to that question.

JERRY McCUTCHEON: All right.

TIM JENNINGS: Can I ask you to summarize and --

MR. McCUTCHEON: No. I will continue on.

What are the plans for a sub island water injection to maintain the pressure?

GARY CAMPBELL: We are looking at several options for enhanced oil recovery. Water injection is one

of them.

JERRY McCUTCHEON: Okay. I presume therefore you are going to reinject produced water.

Well, I will let it go at that. I think that's enough. And may I suggest you, at this juncture, haven't produced, I think, enough of a record to be able to proceed with this EIS.

TIM JENNINGS: We appreciate your comments. We are early in the process in this scoping.

Any other folks who would like to have --

MR. McCUTCHEON: You should have the answers here to the questions I asked.

TIM JENNINGS: Any other folks who would like come forward and provide some comments on scoping for this project, you are welcome to do so.

Well, we have 40 people here. Is anybody else intending to provide some comments tonight to the agencies so we can carry forward certain key issues for alternatives for construction and for the operation of this kind of a project, any environmental issues which you would like to be sure that we are looking at -- socio, economic, cultural? That is why we are here tonight. If not, this will be a very short meeting.

Yes.

WILLIAM ASHTON: My name is William Ashton.

Basically one question which I think you are already thinking about is the evolving area of comanagement that's being used with marine mammals. And so I would suggest that in the EIS process of looking at comanagement as a way of working with the indigent people of the North Slope in the project. As I think you are also already looking at is the using of traditional knowledge and how that could be woven into project development design, monitoring, you know, project life. And so that may affect how you do the EIS because it's a different way of thinking. And so you might consider that.

TIM JENNINGS: Thanks, Mr. Ashton.

Who would like to be next?

Well, we don't want to twist any arms but we do appreciate any of the comments and bringing issues forward that you can. I know we have a lot of folks here from state agencies and federal agencies, and perhaps that's mostly the crowd here. So is anyone else intending to comment?

Going once. Okay. Going twice. We'll wrap it up. We appreciate you coming tonight, another short meeting. In the future, you can stay in touch with us through our newsletters. Any of you who signed in tonight will be included on our master mailing list and receive future newsletters. Once again, if you would like to call

in and talk with the Corps or be in touch with other people, the primary contact would be Terry. The 800 number here in Anchorage is 753-1712.

If there are any folks who would like to have some informal discussion and dialogue after we end the meeting, those of us in the agencies and the EIS team will be available for you to talk with us. We appreciate you coming down.

(Proceedings concluded at 8:30 p.m.)